

April 25, 2003

TO: Members of the MAG Management Subcommittee on 2005 Population Options

FROM: George Pettit, Gilbert, Chair

SUBJECT: MEETING NOTIFICATION AND TRANSMITTAL OF TENTATIVE AGENDA

Friday, May 2, 2003 - 10:30 a.m.
MAG Office, Suite 200, Cholla Room
302 North 1st Avenue, Phoenix

A meeting of the MAG Management Subcommittee on 2005 Population Options will be held at the time and place noted above. For those who are unable to attend the meeting in person, you may participate via audioconference by calling (602) 261-7510 five minutes before the start of the meeting. Upon prompting please enter the meeting ID (2005) followed by the pound sign. You may also send a person to represent you.

If you have any questions, or need additional information, please contact Harry Wolfe at (602) 254-6300.

TENTATIVE AGENDA

	<u>COMMITTEE ACTION REQUESTED</u>
1. <u>Call to Order</u>	
2. <u>Meeting Minutes of April 4, 2003</u>	2. Review and approve meeting minutes of April 4, 2003.
3. <u>Legislation for Alternatives to a 2005 Special Census</u> Senate Bill 1209, which allows for an estimate and/or survey to be used for distributing state-shared revenues in lieu of a Special Census has been forwarded to the Governor for signature. A status report will be provided and the implications of the legislation discussed. Please see Attachment One.	3. For information and discussion

4. Options for Deriving a 2005 Population Figure For Distributing State-Shared Revenues

At the April Subcommittee meeting a review was undertaken of the cost of a survey for deriving a 2005 population figure for distributing state-shared revenue. The Census Bureau had calculated a cost to conduct a survey at a 95 percent confidence interval +/- 2%, and +/- 1 percent without including the cost of counting population in Group Quarters, including the homeless, which had not yet been determined.

Subsequently the Census Bureau has estimated the cost of conducting the count of population in group quarters and homeless at \$2 million. In response to a request from Mesa, the Bureau also increased the cost by \$345,000 of conducting the survey under the 2 percent option for Mesa assuming two subregions sampled. MAG staff has recalculated the net cost to member agencies of pursuing a survey at the different confidence intervals versus conducting a Special Census. The Gross cost of the three options are: \$9.4 million for the survey with 95 percent confidence interval +/- 2 percent; \$19.2 for the survey with 95 percent confidence interval +/- 1 percent; and \$30 million for a Special Census. The Subcommittee will be requested to consider a recommendation to the Management Committee on an option for deriving a 2005 population figures for distributing state-shared revenues (Please see Attachment Two).

MAG staff is currently working on estimating the state-shared revenue implications of pursuing a survey for each member agency. Those estimates will be provided as soon as they become available.

5. Other Miscellaneous Issues Associated with the Decision on Which 2005 Population Option to Pursue for the Distribution of State-Shared Revenues

Any other miscellaneous issues associated with the decision on which 2005 population option to pursue for distributing state-shared revenues will be discussed.

4. For information, discussion and recommendation to the MAG Management Committee on the option to pursue for deriving 2005 population figures for distributing state-shared revenue.

5. For information and discussion.

Minutes of the
MAG Management Subcommittee on 2005 Population Options
Friday, April 4, 2003
Cholla Room

Members

George Pettit, Gilbert, Chairman
*Charlie McClendon, Avondale
*Prisila Ferreira, Peoria

Norris Nordvold, Phoenix
Jim Huling, Mesa
Patrick Flynn, Tempe

Others in Attendance

Brian Townsend, Gilbert
Peggy Carpenter, Scottsdale
Amber Wakeman, Tempe
Jason Matthews, Tempe
Tom Remes, MAG
Harry Wolfe, MAG
**Mark Hellfritz, Census Bureau, Denver

**Ron Dopkowski, Census Bureau,
Headquarters
**Dennis Schwanz, Census Bureau
Headquarters
**Sydnee C. Chattin-Reynolds, Census
Bureau, Headquarters
**Tim Olson, Census Bureau, Headquarters

* Not present nor represented by proxy

** Participated via Videoconference

1. Call to Order

The meeting was called to order at 10:35 a.m. by George Pettit.

2. Approval of Meeting Minutes of March 7, 2003

It was moved by Jim Huling, seconded by Norris Nordvold and unanimously recommended to approve the meeting minutes of March 7, 2003.

3. Cost Estimate for a Survey for Deriving a 2005 Population Figure For MAG Member Agencies

Harry Wolfe noted that since the March Subcommittee meeting, the Census Bureau had recalculated the cost of conducting a survey and revising a number of assumptions to provide as accurate a cost estimate as possible. He said that under the revised assumptions that the cost of a survey ranged from \$7.1 million for 95% confidence interval plus/minus 2%; and \$17.2 million for 95% confidence interval plus/minus 1%. He also noted that the Office of the Special Census was still working on developing a cost estimate for the full count of

population in Group Quarters, including a homeless count.

George Pettit asked whether the revised cost of the survey included multi-lingual questionnaires. Ron Dopkowski responded that the Census Bureau incorporated into the cost estimate some gross costs for having the Census questionnaire available in Spanish and English. He said that the Census Bureau could work with us on a translation.

Norris Nordvold said that Phoenix is leaning toward supporting conducting a survey with a 95 percent confidence interval plus/minus 2% by five subregions. He asked whether the key issues to be decided by the Subcommittee were the cost allocation method and the statistical confidence interval.

Harry Wolfe responded that the cost allocation method was something for which he would expect a recommendation, but that jurisdiction's could probably have the option of choosing between the 2% or 1% options. Norris Nordvold indicated that he thought it would be preferable for all jurisdictions to use the same confidence interval.

Ron Dopkowski asked whether the confidence interval selected would be specified in the state legislation. George Pettit responded that the legislation would not be specifying a confidence interval and that the confidence interval would be up to us.

Norris Nordvold asked the Census Bureau whether there would be a problem conducting a survey if some jurisdictions used the 2% option and others used the 1%. Ron Dopkowski responded that it would not be a problem. He indicated that the Bureau would specify in the documentation that accompanied the survey results the confidence interval.

Mr. Dopkowski said that the Census Bureau is going to be evaluating whether to incorporate the results of the survey in their intercensal estimates. He said a meeting would be held on the issue on April 14, 2003 and that he would let us know about the results of that meeting.

Jim Huling said that he was more comfortable with waiting a month before deciding how to proceed on the issue of a 2005 population option. However, he said it makes sense to give each jurisdiction the option to choose the 2% option; or pay the additional costs required to cover the 1% option.

Mr. Huling also requested that the Census Bureau subdivide Mesa into two subregions and recalculate the cost of conducting the survey for the two subregions. He said that Mesa has a hard to count area that it might want to target. Ron Dopkowski and Dennis Schwanz indicated that they could work up a revised cost estimate for Mesa assuming the survey would be conducted for two subregions. Jim Huling said that after looking at the cost of a survey for the two subregions, Mesa would make a quick decision on which way to proceed.

George Pettit asked the Census Bureau whether giving jurisdictions the option of choosing the 1% or the 2% option would result in any higher administrative costs. Ron Dopkowski

said that he did not think a mix of 1 and 2% options would change the cost of conducting the survey.

Dennis Schwanz said that once the Bureau received a more precise definition of the subregions for Phoenix and Mesa, that a new sample size would be computed. He said that this could result in a change of cost, but he didn't anticipate that the cost change would be significant.

Harry Wolfe asked Mike Stump when we could expect the Census Bureau to provide an estimate of the cost to count population in Group Quarters. He said that some decisions needed to be made at headquarters on the method used to conduct the count; but that he should be able to provide a cost estimate shortly. Mr. Stump also mentioned that the cost estimate would be in 2003 dollars and could increase by the time the survey was actually conducted.

Pat Flynn asked when the Subcommittee would need to decide on how to proceed. George Pettit responded that we would need to make a recommendation in the next month or so.

George Pettit also asked Harry Wolfe about the deadline for proceeding with a Special Census or a Survey. Harry Wolfe responded that he thought it was sometime between July 2004 and September 2004. Ron Dopkowski said that he would need a signed memorandum of understanding and a partial payment 15 months before the start of the listing operation. Since the listing operation was expected to start in August 2005, jurisdictions would need to have a signed memorandum of understanding and partial payment by March 2004.

Ron Dopkowski said that the Census Bureau's cost would be allocated on a Fiscal Year basis. He said that costs would be disaggregated into components and that those costs could be spread out over time. He said a partial payment would be needed at the time of signing the memorandum of understanding and the Bureau would work out those terms.

Pat Flynn asked Harry Wolfe to prepare another table which compared the cost of the 1% and 2% options with the potential revenue that would be generated under each option. Mr. Wolfe said that he would assemble such a table for the next meeting.

Jim Huling suggested that Harry Wolfe contact the League of Arizona Cities and Towns about the assumptions that were used in computing the amount of state-shared revenues to be distributed among local jurisdictions.

Pat Flynn asked Harry Wolfe to explain the difference between relative and absolute 1% and 2% confidence intervals. Mr. Wolfe responded that he would get back to the group with the explanation.

4. Issues Associated with a Survey versus a Special Census

No issues associated with undertaking a survey versus a Special Census were raised.

5. Legislation for Alternatives to a 2005 Special Census

Jim Huling reported that House Bill 1209 passed the Senate and House and was going to the House rules committee next week. He also noted that a technical amendment to the bill might create a short delay but shouldn't create much of a problem.

6. Other Miscellaneous Issues Associated with the Decision on Which 2005 Population Option to Pursue for the Distribution of State-Shared Revenues

No other miscellaneous issues associated with the decision on which 2005 population option to pursue for distributing state-shared revenues were raised.

The meeting adjourned at 11:30 a.m.

ATTACHMENT ONE

Senate Bill 1209, Section 42-5033

H. On receiving a certificate of default from the greater Arizona development authority pursuant to section 41-1554.06 or 41-1554.07 and to the extent not otherwise expressly prohibited by law, the state treasurer shall withhold from the next succeeding distribution of monies pursuant to this section due to the defaulting political subdivision the amount specified in the certificate of default and immediately deposit the amount withheld in the greater Arizona development authority revolving fund. The state treasurer shall continue to withhold and deposit the monies until the greater Arizona development authority certifies to the state treasurer that the default has been cured. In no event may the state treasurer withhold any amount that the defaulting political subdivision certifies to the state treasurer and the authority as being necessary to make any required deposits then due for the payment of principal and interest on bonds of the political subdivision that were issued before the date of the loan repayment agreement or bonds and that have been secured by a pledge of distributions made pursuant to this section.

I. EXCEPT AS PROVIDED BY SECTIONS 42-5033 AND 42-5033.01, THE POPULATION OF A COUNTY, CITY OR TOWN AS DETERMINED BY THE MOST RECENT UNITED STATES DECENNIAL CENSUS SHALL BE USED AS THE BASIS FOR APPORTIONING MONIES PURSUANT TO SUBSECTION D OF THIS SECTION.

Sec. 4. Section 42-5033, Arizona Revised Statutes, is amended to read:

42-5033. Special census

A. During the fifth year following the decennial census, ~~an incorporated municipality~~ A COUNTY, CITY OR TOWN may cause to be taken by the United States bureau of the census a special census of the population ~~within the municipal limits~~ OF THE COUNTY, CITY OR TOWN. The results of the special census may be certified by the director. Beginning July 1 in the sixth year following the decennial census, the special census shall be used as the basis of apportionment of the taxes under section 42-5029, subsection D, ~~paragraph 1~~ until the next federal decennial census.

B. Notwithstanding any of the provisions of section 42-5029, any municipality which is initially incorporated subsequent to the decennial census or July 1 of the fifth year thereafter and which has caused a special census of the population within the municipal limits to be taken by the United States census bureau may cause the result of such special census to be certified to the director. Commencing on July 1, ~~following~~ the completion of such special census, it shall be used as the basis of apportionment of the taxes collected under this article in determining the amount payable to such municipality until the next federal decennial census or special census as provided under section 28-6532.

Sec. 5. Title 42, chapter 5, article 1, Arizona Revised Statutes, is amended by adding section 42-5033.01, to read:

42-5033.01. Use of population estimates for state shared revenues; report

A. IN LIEU OF CONDUCTING A SPECIAL CENSUS AS PROVIDED BY SECTIONS 28-6532 AND 42-5033, BEFORE MAY 1, 2006:

1 1. A CITY, TOWN OR COUNTY MAY SUBMIT TO THE DIRECTOR OF THE DEPARTMENT
2 OF REVENUE, THE DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION AND THE STATE
3 TREASURER ITS JULY 2005 POPULATION ESTIMATE AS APPROVED BY THE DIRECTOR OF
4 THE DEPARTMENT OF ECONOMIC SECURITY. ON SUBMITTAL, THAT POPULATION, PLUS ANY
5 REVISIONS DUE TO ANNEXATIONS CERTIFIED BY THE UNITED STATES BUREAU OF THE
6 CENSUS, SHALL BE USED FOR DISTRIBUTION OF STATE SHARED TAX REVENUES PURSUANT
7 TO SECTIONS 28-5808, 28-6540, 42-5029 AND 43-206 TO THE CITY, TOWN OR COUNTY
8 BEGINNING JULY 1, 2006 THROUGH JUNE 30, 2011.

9 2. A CITY, TOWN OR COUNTY MAY CONTRACT WITH THE UNITED STATES BUREAU
10 OF THE CENSUS TO CONDUCT A SAMPLE SURVEY THAT RESULTS IN A 2005 RESIDENT
11 POPULATION AND SUBMIT THE RESULTS OF THAT SURVEY TO THE DIRECTOR OF THE
12 DEPARTMENT OF REVENUE, THE DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION AND
13 THE STATE TREASURER. THE SURVEY SHALL ALSO REPORT TOTAL RESIDENT POPULATION
14 IN HOUSING UNITS, TOTAL RESIDENT POPULATION IN GROUP QUARTERS, TOTAL HOUSING
15 UNITS AND TOTAL OCCUPIED HOUSING UNITS FOR THE CITY, TOWN OR COUNTY. ON
16 SUBMITTAL, THAT 2005 RESIDENT POPULATION, PLUS ANY REVISIONS DUE TO
17 ANNEXATIONS CERTIFIED BY THE UNITED STATES BUREAU OF THE CENSUS, SHALL BE
18 USED AS THE BASE FOR THE CALCULATION OF POPULATION ESTIMATES FOR 2006 THROUGH
19 2010 BY THE DEPARTMENT OF ECONOMIC SECURITY AND FOR DISTRIBUTION OF STATE
20 SHARED TAX REVENUES PURSUANT TO SECTIONS 28-5808, 28-6540, 42-5029 AND 43-206
21 TO THE CITY, TOWN OR COUNTY BEGINNING JULY 1, 2006 THROUGH JUNE 30,
22 2011. ANY CITY, TOWN OR COUNTY CONTRACTING FOR THE SURVEY MAY NOT EXERCISE
23 THE OPTION PROVIDED IN SUBSECTION A, PARAGRAPH 1 OF THIS SECTION.

24 3. A CITY, TOWN OR COUNTY MAY REQUEST THE DIRECTOR OF THE DEPARTMENT
25 OF REVENUE, THE DIRECTOR OF THE DEPARTMENT OF TRANSPORTATION AND THE STATE
26 TREASURER TO CONTINUE TO USE THE 2000 UNITED STATES DECENNIAL CENSUS THROUGH
27 JUNE 30, 2011 FOR DISTRIBUTION OF STATE SHARED TAX REVENUES PURSUANT TO
28 SECTIONS 28-5808, 28-6540, 42-5029 AND 43-206.

29 B. NO LATER THAN JUNE 30, 2006, THE JOINT LEGISLATIVE BUDGET COMMITTEE
30 SHALL PREPARE A REPORT ON THE USE OF POPULATION ESTIMATES PURSUANT TO THIS
31 SECTION AND SHALL INCLUDE A COMPARISON OF:

32 1. THE POPULATION ESTIMATE DATA PRODUCED BY THE DEPARTMENT OF ECONOMIC
33 SECURITY FOR PURPOSES OF THIS SECTION WITH ANY AVAILABLE CENSUS DATA.

34 2. STATE SHARED REVENUE AMOUNTS DISTRIBUTED TO CITIES, TOWNS AND
35 COUNTIES USING THE SPECIAL CENSUS OR SAMPLE SURVEY POPULATION DATA WITH
36 AMOUNTS THAT WOULD HAVE BEEN DISTRIBUTED USING THE POPULATION ESTIMATE DATA
37 PRODUCED BY THE DEPARTMENT OF ECONOMIC SECURITY FOR THE PURPOSES OF THIS
38 SECTION.

39 Sec. 6. Section 43-206, Arizona Revised Statutes, is amended to read:

40 43-206. Urban revenue sharing fund; allocation; distribution

41 A. There is established an urban revenue sharing fund. For fiscal
42 year 2000-2001 and fiscal year 2001-2002, the urban revenue sharing fund
43 shall consist of an amount equal to fifteen per cent of the net proceeds of
44 the state income taxes for fiscal year 1998-1999 and 1999-2000,
45 respectively. For fiscal years 2002-2003 and 2003-2004, the fund shall

1 consist of an amount equal to fifteen per cent of the amount of monies
2 transferred pursuant to law in fiscal year 2000-2001 and 2001-2002,
3 respectively, from the budget stabilization fund to the tax refund account of
4 the state general fund plus fourteen and eight-tenths per cent of the net
5 proceeds of the state income taxes, not including any amounts transferred
6 from the budget stabilization fund to the tax refund account, for fiscal year
7 2000-2001 and 2001-2002, respectively. For fiscal year 2004-2005 and each
8 fiscal year thereafter, the fund shall consist of an amount equal to fifteen
9 per cent of the net proceeds of the state income taxes for the fiscal year
10 two years preceding the current fiscal year. The fund shall be distributed
11 to incorporated cities and towns as provided in this section. The transfer
12 of net proceeds prescribed by section 49-282, subsection B does not affect
13 the calculation of net proceeds prescribed by this subsection.

14 B. Each city or town shall share in the urban revenue sharing fund in
15 the proportion that the population of each bears to the population of all ~~as~~
16 ~~determined by the United States bureau of the census in the last decennial~~
17 ~~census or special census pursuant to section 42-5033.~~ EXCEPT AS PROVIDED BY
18 SECTIONS 42-5033 AND 42-5033.01, THE POPULATION OF A CITY OR TOWN AS
19 DETERMINED BY THE MOST RECENT UNITED STATES DECENNIAL CENSUS SHALL BE USED AS
20 THE BASIS FOR APPORTIONING MONIES PURSUANT TO THIS SUBSECTION.

21 C. The treasurer, upon instruction from the department, shall
22 transmit, no later than the tenth day of each month, to each city or town an
23 amount equal to one-twelfth of that city's or town's total entitlement for
24 the current fiscal year from the urban revenue sharing fund as determined by
25 the department.

26 D. A newly incorporated city or town shall share in the urban revenue
27 sharing fund beginning the first month of the first full fiscal year
28 following incorporation.

29 E. On receipt of a certificate of default from the greater Arizona
30 development authority pursuant to section 41-1554.06 or 41-1554.07, the state
31 treasurer, to the extent not otherwise expressly prohibited by law, shall
32 withhold from the next succeeding distribution of monies pursuant to this
33 section due to the city or town the amount specified in the certificate of
34 default and immediately deposit the amount withheld in the greater Arizona
35 development authority revolving fund. The state treasurer shall continue to
36 withhold and deposit the monies until the authority certifies to the state
37 treasurer that the default has been cured. In no event shall the state
38 treasurer withhold any amount that is necessary, as certified by the
39 defaulting political subdivision to the state treasurer and the authority, to
40 make any required deposits then due for the payment of principal and interest
41 on bonds of the political subdivision that were issued prior to the date of
42 the loan repayment agreement or bonds and that have been secured by a pledge
43 of distributions made pursuant to this section.

ATTACHMENT TWO

**Comparison of
Net Survey Cost at 95% Confidence Interval +/-2% (Gross Cost \$9.4 Million)
Net Survey Cost at 95% Confidence Interval +/-1% (Gross Cost \$19.2 Million)
and
Net Special Census Cost (Gross Cost \$30 million)**

**Comparison of
Net Survey Cost at 95% Confidence Interval +/- 2%
Net Survey Cost at 95% Confidence Interval +/- 1%
and
Net Special Census Cost**

Jurisdiction	Net survey cost based on share of housing unit sample (after FHWA contribution)		Net survey cost based on share of 2005 population (after FHWA contribution)		Net 2005 Special Census cost based on share of 2005 population (after FHWA contribution)
	95% +/- 2%	95% +/- 1%	95% +/- 2%	95% +/- 1%	
Avondale	\$138,668	\$430,548	\$92,003	\$258,392	\$469,804
Buckeye	\$127,985	\$128,337	\$25,133	\$70,585	\$128,337
Carefree	\$22,969	\$22,969	\$4,498	\$12,633	\$22,969
Cave Creek	\$29,489	\$29,489	\$5,775	\$16,219	\$29,489
Chandler	\$202,115	\$711,727	\$286,857	\$805,641	\$1,464,802
El Mirage	\$136,037	\$136,037	\$26,641	\$74,820	\$136,037
Fountain Hills	\$157,419	\$158,160	\$30,973	\$86,988	\$158,160
Gila Bend	\$13,557	\$13,557	\$2,655	\$7,456	\$13,557
Gilbert	\$146,517	\$535,630	\$228,297	\$641,174	\$1,165,771
Glendale	\$203,206	\$724,830	\$309,100	\$868,110	\$1,578,382
Goodyear	\$140,631	\$288,609	\$56,519	\$158,735	\$288,609
Guadalupe	\$35,864	\$35,864	\$7,023	\$19,725	\$35,864
Litchfield Park	\$25,639	\$25,639	\$5,021	\$14,101	\$25,639
Mesa	\$603,948	\$1,285,617	\$612,626	\$1,720,567	\$3,128,304
Paradise Valley	\$99,204	\$96,605	\$18,919	\$53,133	\$96,605
Peoria	\$204,950	\$684,474	\$190,126	\$533,970	\$970,855
Phoenix	\$1,188,273	\$4,397,197	\$1,840,369	\$5,168,697	\$9,397,631
Queen Creek	\$56,470	\$54,799	\$10,732	\$30,140	\$54,799
Scottsdale	\$260,766	\$981,901	\$297,571	\$835,730	\$1,519,509
Surprise	\$277,336	\$512,686	\$100,401	\$281,977	\$512,686
Tempe	\$206,040	\$712,252	\$206,266	\$579,300	\$1,053,273
Tolleson	\$33,857	\$33,857	\$6,630	\$18,621	\$33,857
Wickenburg	\$40,435	\$40,435	\$7,919	\$22,239	\$40,435
Youngtown	\$24,628	\$24,628	\$4,823	\$13,546	\$24,628
Balance of County	\$323,995	\$1,134,152	\$323,125	\$907,499	\$1,649,998
Total	\$4,700,000	\$13,200,000	\$4,700,000	\$13,200,000	\$24,000,000
Balance of County = Unincorporated areas, Gila River Indian Community and Salt River Pima-Maricopa Indian Community					

Assumptions for Cost Comparison

- 1 Each city and town except Phoenix and Mesa has one sample
- 2 Phoenix has five samples in both survey alternatives, and Mesa has two samples in the 2% survey alternative
- 3 Balance of County, including unincorporated areas, Gila River Indian Community and Salt River Pima-Maricopa Indian Community has one sample for all three
- 4 2005 population is based upon growth rates from 2000 to 2002, with a maximum annual growth rate of 20%
- 5 Survey costs assume a 50% response rate to the mailed survey. Rates lower than 50% could incur increased costs.
- 6 Net costs identified in table assume all member agencies commit to the same 2005 population method
- 7 A survey for the entire county will cost \$9.4 million at a 95 % Confidence Interval + or - 2%; and \$19.2 million at 95% confidence interval + or - 1%
- 8 A Special Census will cost approximately \$30,000,000 for the entire county
- 9 FHWA contribution will not exceed \$6,000,000
- 10 These calculations assume that no jurisdiction has to pay more than the cost of the Special Census, no matter what option is chosen. The additional costs not incurred by those jurisdictions were distributed to the remaining jurisdictions.